Washington Parish Gas Utility District Number One Parish of Washington Varnado, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2010 With Supplemental Information Schedules

Under provisions of state law, this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Annual Financial Statements As of and for the Year Ended December 31, 2010 With Supplemental Information Schedules

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Independent Accountant's Review Report

To Board of Commissioners
Washington Parish Gas Utility District Number One
Varnado, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the Washington Parish Gas Utility District Number One, Louisiana, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents, and the accompanying supplementary information in this report, which are presented only for supplementary analysis purposes. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

July 5, 2011

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Management's Discussion and Analysis

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Introduction

The Washington Parish Gas Utility District Number One (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (GASB 34), and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position and results of operations and assist the user in determining whether the financial position has improved or deteriorated as a result of the year's operations, (d) identify any significant variations from the original, amended and final budget amounts and include any currently known reasons those variations that are expected to have a significant effect on future services or liquidity, and (e) identify individual fund issues or concerns.

The information contained within this Management's Discussion and Analysis (MD&A) should be considered only as part of a whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

Financial Highlights

- At December 31, 2010, total assets were \$1,723,406, and exceeded liabilities in the amount of \$1,668,169 (i.e., net assets). Of the total net assets, \$1,503,341 was unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, and restricted for capital activity and debt service.
- For the year ended December 31, 2010, user fee revenues (gas sales) and other revenues of \$396,308 increased by \$41,165 representing an approximate increase of twelve percent from total revenues for the fiscal year ending December 31, 2009.
- The District's operating expenses decreased by \$64,517 to \$258,679 as compared to \$323,196 for the prior fiscal year. The decrease is mainly due to the decrease in cost of gas sold of \$59,134 and repair and maintenance expenses of \$10,668.
- Interest income for the fiscal year ended December 31, 2010, totaled \$34,679 representing a decrease of eleven percent from the prior fiscal year.

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Washington Parish Gas Utility District Number One's financial condition and performance.

The financial statements report information on the District using full accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets, accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The Budget/Actual Statement of Revenues and Expenses reflects on how well the Board manages the operation of the District.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule and key information schedules on operation of the District.

Financial Analysis

The purpose of financial analysis is to help determine whether Washington Parish Gas Utility District Number One is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets, and the Statement of Revenues, Expenses, and Changes in Net Assets, is presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Condensed Statement of Net Assets 2010 and 2009

		2010	-	2009		Dollar Change	Percentage Change
Assets:							
Current and Other Assets	\$	1,604,345	\$	1,461,638	\$	142,707	10%
Capital Assets	_	119,061		126,918	_	(7,857)	-6%
Total Assets	_	1,723,406		1,588,556	_	134,850	8%
Liabilities:							
Other Liabilities		55,237		58,016		(2,779)	-5%
Total Liabilities	_	55,237		58,016	_	(2,779)	-5%
Net Assets:							
Invested in Capital Assets, Net of Related Debt		119,061		126,918		(7,857)	-6%
Restricted for Capital Activity and Debt Service		45,767		38,464		7,303	19%
Unrestricted		1,503,341	_	1,365,158		138,183	10%
Total Net Assets	\$_	1,668,169	\$ <u>_</u>	1,530,540	\$	137,629	9%

The major components of change for "Current and Other Assets" was an increase of \$135,320 in operating cash.

The major component of change in "Current Liabilities" is an \$4,081 decrease in accounts payable.

[&]quot;Capital Assets" decrease was a result of current depreciation of \$7,857.

[&]quot;Total Net Assets" (total assets less total liabilities) increased by \$137,629 for the fiscal year ending December 31, 2010, primarily because of the increase in gas sales paired with the decrease in purchase cost of gas in operating expenses.

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Condensed Statement of Revenues, Expenses and Changes in Net Assets 2010 and 2009

	_	Year ended December 31, 2010	 Year ended December 31, 2009	Dollar Change	Percentage Change
Revenues:					
Operating Revenues	\$	370,012	\$ 315,011	\$ 55,001	17%
Nonoperating Revenues	_	26,296	 40,132	 (13,836)	-34%
Total Revenues	-	396,308	 355,143	 41,165	12%
Expenses:					
Cost of Gas Sold		139,493	198,627	(59,134)	-30%
Depreciation Expense		7,857	8,433	(576)	-7%
Other Operating Expense		111,329	116,136	 (4,807)	-4%
Total Expenses	_	258,679	 323,196	 (64,517)	-20%
Changes in Net Assets	_	137,629	31,947	105,682	331%
Beginning Net Assets	٠.	1,530,540	 1,498,593	 31,947	2%
Ending Net Assets	\$	1,668,169	\$ 1,530,540	\$ 137,629	9%

While the Statement of Net Assets shows the change in financial position of fund equity, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of the Washington Parish Gas Utility District Number One's conservative approach to management. Total "Operating Revenues" (including gas sales and revenues related to providing gas and related services to customers) increased by \$55,001 over the prior year. Non-operating revenue decreased by \$13,836 reflecting a decrease in the value of investments held during 2010 of \$8,383 compared to an increase in 2009 of \$1,164. "Operating Expenses" decreased by \$64,517 over prior year expenses, which was driven by a decrease in Cost of gas sold of \$59,134 created from contracted lower gas purchase prices during the period.

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Budgetary Highlights

Washington Parish Gas Utility District Number One adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2010

Paraman	•	Budget Year ended December 31, 2010	-	Actual Year ended December 31, 2010	-	Favorable (Unfavorable) Variance
Revenues: Operating Revenues	\$	327,300	\$	370,012	æ	42,712
. •	Φ	· ·	Φ.	•	Ф	•
Nonoperating Revenues	-	27,000	-	26,296		(704)
Total Revenues	-	354,300	•	396,308		42,008
Expenses:						
Cost of Gas Sold		155,000		139,493		15,507
Depreciation Expense		9,100		7,857		1,243
Other Operating Expense		122,535		111,329		11,206
Nonoperating Expense			_	-		-
Total Expenses		286,635		258,679		27,956
Change in Net Assets	\$	67,665	\$	137,629	\$	69,964

Total Revenues and Expenditures were within the five percent variance limitation to comply with State Budget Law.

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General Operating Data

	December 31, 2010	December 31, 2009	Increase (Decrease)	December 31, 2008
Customers Active	403	410	(7)	411
Total Customers	403	410	(7)	411

One key measure of a gas district's profitability, and the ability to generate positive cash flows, is the ability of the gas system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2010 and 2009.

Anna da Danaball	Year Ended December 31, 2010	•	Year Ended December 31, 2009	_	Increase (Decrease)
Accounts Receivable					
Current	\$ 42,399	\$	47,138	\$	(4,739)
31-60 Days Past Due	8,103		8,818		(715)
61-90 Days Past Due	2,727		7 98		1,929
Over 90 Days Past Due	-		375		(375)
Subtotal	53,229		57,129		(3,900)
Allowance for Uncollectible Accounts	(3,500)		(3,500)		_
Net Accounts Receivable	\$ 49,729	\$	53,629	\$	(3,900)

Management's Discussion and Analysis As of and for the Year Ended December 31, 2010

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2010, Washington Parish Gas Utility District Number One had \$119,061 (net of accumulated depreciation) recorded in capital assets. This includes gas line systems and improvements, investment in gas meters, storage and other equipment, such as office equipment, and maintenance equipment used to operate the gas system. The changes in capital assets are presented in the table below.

		December 31, 2010		December 31, 2009	Increase (Decrease)	Percentage Change
Capital Assets						
Gas Line System	\$	467,976	\$	467,976	\$ -	0%
Maintenance Equipment		58,264		58,264	-	0%
Office Equipment		5,965	_	5, 965	 <u> </u>	0%
Subtotal		532,205		532,205	_	0%
Less: Accumulated Depreciation	_	(413,144)	_	_(405,287)	(7,857)	-2%
Net Capital Assets	\$	119,061	\$	126,918	\$ (7,857)	-7%

Depreciation expense was \$7,857 for the fiscal year ending December 31, 2010.

Future Economic Plans

The Washington Parish Gas Utility District Number One's management approach is conservative. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects against the benefits to be derived. At present there are no plans for any distribution line expansion. The board's emphasis is on decreasing the cost of gas and collecting receivables with the goal of lowering utility bills for customers.

Contacting the District's Financial Management

The financial report is designed to provide a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Stanley Seal, President, Washington Parish Gas Utility District Number One, 26070 Highway 21, Angie, LA 70426, Phone (985) 732-7904.

Financial Statements

Statement A

Washington Parish Gas Utility District Number One Comparative Statement of Net Assets As of December 31, 2010 and 2009

•		2010		2009		
Assets						
Current Assets:						
Cash and Cash Equivalents	. \$	390,880	\$	255,560		
Investments		1,096,894		1,093,294		
Accounts Receivable, Net:						
Accounts		49,729		53,629		
Inventory		8,795		9,574		
Prepaid Insurance		12,280		11,117		
Total Current Assets		1,558,578		1,423,174		
Restricted Assets:						
Restricted Cash and Cash Equivalents		45,767		34,129		
Restricted Investments				4,335		
Total Restricted Assets		45,767		38,464		
Property, Plant, and Equipment						
Property, Plant and Equipment, Net		119,061		126,918		
Total Property, Plant, and Equipment		119,061		126,918		
Total Assets		1,723,406		1,588,556		
Liabilities		•				
Current Liabilities (Payable From Current Assets):						
Accounts Payable		22,818		26,899		
Other Accrued Payables		679		668		
Total Current Liabilities (Payable From Current Assets)	-	23,497		27,567		
Current Liabilities (Payable From Restricted Assets):						
Customer Deposits		31,740		30,449		
Total Current Liabilities (Payable From Restricted Assets)		31,740		30,449		
Total Liabilities		55,237		58,016		
Net Assets						
Invested in Capital Assets, Net of Related Debt		119,061		126,918		
Restricted for:						
Capital Projects and Debt Service		45,7 67		38,464		
Unrestricted		1,503,341	_	1,365,158		
Total Net Assets	\$	1,668,169	\$	1,530,540		

Statement B

Was hington Parish Gas Utility District Number One Comparative Statement of Revenues, Expenses, and Changes in Net Assets

For the years ended December 31, 2010 and 2009

		2010	2009
Operating Revenues			
Gas Sales	\$	359,666	\$ 304,650
Less Cost of Gas Sold		(139,493)	(198,627)
Gross Profit on Gas Sales		220,173	106,023
Other	_	10,346	10,361
Total Operating Revenues		230,519	116,384
Operating Expenses			
Billing Costs		11,388	1 1,54 1
Board of Commissioners		3,080	3,025
Depreciation		7,857	8,433
Insurance		28,964	28,199
Other		6,056	5,260
Payroll Taxes		2,797	2,520
Professional Fees		8,825	8,700
Repairs and Maintenance		7,826	18,494
Salaries and Wages		33,258	30,150
Supplies		964	-
Travel and Seminars		-	8,247
Utilities		8,171	-
Total Operating Expenses	_	119,186	124,569
Operating Income (Loss)		111,333	(8,185)
Nonoperating Revenues (Expenses)			
Increase (Decrease) in the Appreciation on the Value of Investments		(8,383)	1,164
Interest Income		34,679	38,968
Total Nonoperating Revenues (Expenses)		26,296	40,132
Change in Net Assets		137,629	31,947
Total Net Assets, Beginning	_	1,530,540	1,498,593
Total Net Assets, Ending	\$_	1,668,169	\$ 1,530,540

Washington Parish Gas Utility District Number One Comparative Statement of Cash Flows Proprietary Fund Type For the years ended December 31, 2010 and 2009

	 2010	 2009
Cash Flows From Operating Activities		
Received From Customers	\$ 363,566	\$ 310,555
Received for Meter Deposit Fees	1,291	1,000
Other Receipts	10,346	10,361
Payments for Operations	(219,221)	(290,615)
Payments to Employees	(36,055)	 (32,670)
Net Cash Provided (Used) by Operating Activities	 119,927	 (1,369)
Cash Flows From Investing Activities		
Receipt of Interest	34,679	38,968
Proceeds from sale (Payments) for Investments	(7,648)	(59,518)
Net Cash Provided (Used) by Investing Activities	27,031	 (20,550)
Net Cash Increase (Decrease) in Cash and Cash Equivalents	146,958	(21,919)
Cash and Cash Equivalents, Beginning of Year	 289,689	311,608
Cash and Cash Equivalents, End of Year	\$ 436,647	\$ 289,689
Reconciliation of Cash and Cash Equivalents to the Statement of Net		
Assets:		
Cash and Cash Equivalents, Unrestricted	\$ 390,880	\$ 255,560
Cash and Cash Equivalents, Restricted	 45,767	34,129
Total Cash and Cash Equivalents	\$ 436,647	\$ 289,689
(Continued)		

Washington Parish Gas Utility District Number One Comparative Statement of Cash Flows Proprietary Fund Type For the years ended December 31, 2010 and 2009

		2010	2009
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	_		
by Operating Activities			
Operating Income (Loss)	\$	111,333 \$	(8,185)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided			
by Operating Activities:	-		
Depreciation		7,857	8,433
(Increase) decrease in Accounts Receivable		3,900	4,808
(Increase) decrease in Unbilled Receivable		-	1,097
(Increase) decrease in Inventory		<i>7</i> 79	-
(Increase) decrease in Prepaid Insurance		(1,163)	195
Increase (decrease) in Accounts Payable		(4,081)	(8,707)
Increase (decrease) in Accrued Expenses		11	(10)
Increase (decrease) in Customer Deposits		1,291	1,000
Net Cash Provided (Used) by Operating Activities	\$_	119,927 \$	(1,369)

(Concluded)

Introduction

Washington Parish Gas Utility District Number One was established in 1962, by an ordinance of the Washington Parish Police Jury, (now the Washington Parish Council) under provisions authorized by Louisiana Revised Statutes 33:430. The purpose of the District was to build and maintain a natural gas distribution system for the rural area in the northeastern part of Washington Parish. The system serves approximately 400 customers over 170 miles of distribution lines. The system is operated and maintained on a contractual basis by the Varnado Water District. The Water District provides employees for billing, collecting, and general operation of the system. The Gas District has one employee, hired for maintenance purposes.

The accounting and reporting policies of the District are the responsibility of a five-member board appointed by the Washington Parish Council. The accounting and reporting policies conform to generally accepted accounting principles as applicable to enterprise funds of a government entity. Such accounting and reporting procedures also conform to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Government Units.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Washington Parish Gas Utility District Number One is considered a component unit of Washington Parish Council.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principle Board (APB) of the Committee On Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict or contradict with GASB pronouncements.

These financial statements are presented in conformance with GASB Statement No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Washington Parish Council is the financial reporting entity for Washington Parish.

The financial reporting entity consists of (a) the primary government, parish council, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- 1. Appointing a voting majority of an organization's governing body, and the ability of the parish council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
- 2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the governing board and has the ability to significantly influence operations, the District was determined to be a component unit of the Washington Parish Council, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Washington Parish Gas Utility District Number One is organized and operated on a fund basis of accounting whereby a self-balancing set of accounts, in the District's case a single proprietary (enterprise) fund, is maintained that comprises its assets, liabilities, net assets, revenues and expenses. The operations are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all of the assets and liabilities, associated with the operation of this fund are included on the balance sheet. The enterprise fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District uses the following practices in recording certain revenues and expenses:

Revenues

All revenues are susceptible to accrual basis of accounting. Gas revenues are billed on a recurring monthly basis, as the District's customers use gas. Bills are rendered at the beginning of each month for gas used the previous month. Accounts are primarily collected in the month following use of the gas. Re-connect fees, and installation fees are recorded in the month the service is rendered and collected. Interest income is paid and recorded on a monthly basis. Interest is accrued as earned on certificates of deposit.

Expenses

The District records expenses as they are incurred. Gas purchases are billed monthly and paid the following month. Supplies purchased during the month are normally paid the next month.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Budget

The proposed budget for 2010 was adopted at the December 8, 2009 board meeting. The budget is prepared on the accrual basis of accounting. The board forwarded a copy of the approved budget to the Washington Parish Council. The board reviewed the budget to actual comparison on a monthly basis as a part of their management of the system. The board amended the budget for 2010 and adopted the 2011 budget on November 30, 2010.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, the Louisiana Asset Management Pool (LAMP) and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The following disclosures are required by GASB Statement No. 31:

- The District uses the quoted market prices to estimate the fair value of the investments.
- None of the investments are reported at amortized cost
- There is no involuntary participation in an external investment pool.

H. Inventories

Purchases of various maintenance supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded at the lower of cost or market on a first-in first-out method as assets at the close of the fiscal year.

I. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

J. Restricted Assets

Money received for utility deposits paid by new customers is held as restricted assets at Capital One National Bank, Bogalusa, Louisiana. Meter deposits are held by the District until a customer becomes inactive. The meter deposit is then applied to the accounts receivable balance due and any remainder is refunded to the customer. Current meter deposits are: rental \$100, homeowner \$60.

K. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Gas Utility System	30 Years
Maintenance Equipment	8 - 15 Years
Office Equipment	10 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

L. Compensated Absences

All employees of the District are hired on a part time basis, and are not afforded any employee benefits for vacation or sick leave.

There were no accumulated and vested leave benefits required to be reported, in accordance with GASB-16, as of December 31, 2010.

M. Net Assets

GASB Statement No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments, requires classification of net assets, the difference between the District's assets and liabilities, into three components, as described below:

- Invested in capital assets, net of related debt This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
- Restricted This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

N. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

At December 31, 2010, the District has cash and cash equivalents (book balances), as follows:

	December 31, 2010		
Demand Deposit Accounts	\$	307,042	
Time & Savings Accounts		39,157	
Money market accounts		25,303	
Louisiana Asset Management Pool		65,145	
	\$	436,647	
Certificates of Deposit (See Note 3)		1,053,180	
Total Deposits	\$	1,489,827	

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2010, the District has \$1,495,013 in deposits (collected bank balances) consisting of \$402,676 in demand deposits, \$1,092,337 in certificates of deposits and time and savings accounts held within banks and categorized as investments. The demand deposits are secured from risk by \$250,000 of federal deposit insurance from Capital One Bank and \$101,385 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) for amounts exceeding federal deposit insurance. Additional demand deposits of \$25,303 are held in two money market accounts at two other financial institutions and \$65,145 held in the Louisiana Asset Management Pool which are secured by federal deposit insurance

The certificates of deposit and time and savings accounts are held within seven separate banks, totaling \$1,092,337, all amounts are secured from risk by federal deposit insurance with all excess amounts covered by additional pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The certificates of deposit of \$1,053,180 are held in investment accounts Because the investments are held by its agent, the investment accounts as described in footnote 3 below, are considered insured and registered, Category 1, in applying the credit risk classification of GASB Codification Section I50.164.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

The investment in the Louisiana Asset Management Pool (LAMP), an external investment pool, is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standards and Poor's
- <u>Custodial credit risk</u>: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
- <u>Interest rate risk</u>: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

3. Investments

Investments are categorized into these three categories of credit risk:

- 1. Insured or registered, or securities held by the District or its agent in the District's name
- 2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
- 3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

All investments held by the District fall into category 1 credit risk, defined as "insured or registered, or securities held by the District or its agent in the District's name." In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At December 31, 2010, the District's investment balances were as follows:

•	Maturity Date		Carrying Amount	,	Fair Market Value
Government National Mortgage Association (GNMA)	May 20, 2032	\$	3,838	\$	3,838
		_	3,838	•	3,838
Federal Home Loan Mortgage Corporation					
(FHLMC)	January 15, 2024		38,658		38,658
	April 15, 2034		1,218		1,218
		_	39,876		39,876
Certificates of Deposit					
Central Progressive Bank	•		164,301		164,301
Citizen's Saving Bank			643,500		643,500
Held in Edward Jones Account:					
GE Money Bank			50,379		50,379
Resource Bank			100,000		100,000
Whitney National Bank		_	95,000		95,000
•		_	1,053,180		1,053,180
	, Tatal	\$	1,096,894	\$	1,096,894
	Total	⊅ _	1,090,094	Þ	1,090,894

These deposits are stated at cost which approximates market value. The certificates of deposits totaling \$1,053,180 include \$1,002,801 deposits within four separate banks and a certificate of deposit of \$50,379 in an Edward Jones investment account. Collateralization of the \$1,053,180 in certificates of deposit is as described in Footnote 2 - Cash and Cash Equivalents.

All mortgage certificates are in the name of the District (book entry only) and are held by Sterne Agee Securities. Because the mortgage certificates are in the name of the District and are held by its agent, the mortgage certificates are considered insured and registered, GASB Category 1, in applying the credit risk of GASB Codification Section I50.164.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

4. Receivables

The following is a summary of receivables at December 31, 2010 and 2009:

		Year Ended December 31, 2010	_	Year Ended December 31, 2009		Increase (Decrease)
Accounts Receivable						
Current	\$	42,399	\$	47,138	\$	(4,739)
31-60 Days Past Due		8,103		8,818		(715)
61-90 Days Past Due		2, 7 27		798		1,929
Over 90 Days Past Due		-		375		(375)
Subtotal	•	53,229	•	57,129	•	(3,900)
Allowance for Uncollectible Accounts	_	(3,500)		(3,500)		
Net Accounts Receivable	\$	49,729	\$	53,629	\$	(3,900)

Uncollectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available indicating the uncollectibility of the particular receivable. The bad debts are charged off against an allowance account. Management feels the estimate for the bad debt allowance is sufficient to cover any bad debts recorded during the upcoming year. There was no recovered bad debt received during 2010.

5. Restricted Assets

The following is a summary of restricted assets at December 31, 2010 and 2009:

]	December 31, 2010		December 31, 2009
Restricted Cash and Cash Equivalents	_		_	
Customer Deposits	\$	45,767	\$	34,129
Restricted Investments				
Customer Deposits		-		4,335
Total Restricted Assets	\$	45,767	\$_	38,464

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2010 is as follows:

		Beginning Balance 12/31/09	 Additions and Reclassifications	Deletions and Reclassifications		Ending Balance 12/31/10
Capital Assets Being Depreciated						
Gas Line System	\$	467,976	\$ -	\$ - \$	\$	467,976
Maintenance Equipment		58,264	-	-		58,264
Office Equipment		5,965	<u> </u>			5,965
Total Capital Assets Being Deperciated		532,205	-	•		532,205
Less Accumulated Depreciation		(405,287)	(7,857)			(413,144)
Total Capital Assets, Net	\$_	126,918	\$ (7,857)	\$. (; _	119,061

Depreciation expense for the fiscal year ending December 31, 2010, totaled \$7,857.

7. Intergovernmental Agreement

The District entered into a service agreement with the Varnado Waterworks District. The Varnado Waterworks District will perform all necessary functions involving meter reading, billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records, for the District. The fee for this service will be based on the operating cost of the Varnado Waterworks District. A rate per customer per month will be calculated annually and paid each month. The rate for 2010 was \$2.35 per customer per billing and was raised to \$3.00 per customer per billing effective February 8, 2011. Total billing expenses according to this intergovernmental agreement totaled \$11,388.

The District will be billed separately for any repair and maintenance provided by the Varnado Waterworks District. Accurate hourly records of personnel records involved in repairs shall be kept and Washington Parish Gas Utility District Number One will be billed monthly at twice the Varnado Waterworks District employees' hourly rate. All materials, parts and supplies will be paid directly by the District incurring the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the District 35 cents per mile for work done on their system. Annually, an accounting will be made of the costs of the services provided under the agreement. Cash settlements will be made between the Districts, so Washington Parish Gas Utility District Number One pays its portion of the actual costs.

8. Litigation and Claims

At December 31, 2010, there were no litigations or claims against the District.

9. Related Party Transactions

There were no related party transactions requiring additional disclosure in the financial statements.

10. Subsequent Events

These financial statements considered subsequent events through July 5, 2011, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2010.

Other Supplemental Information

Schedule 1

Washington Parish Gas Utility District Number One Budgetary Comparison Schedule For the year ended December 31, 2010

With comparative amounts for the fiscal year ended December 31, 2009

		2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
Operating Revenues					
Gas Sales	\$	317,300	359,666 \$	42,366 \$	304,650
Less Cost of Gas Sold		(155,000)	(139,493)	15,507	(198,627)
Gross Profit on Gas Sales		162,300	220,173	57,873	106,023
Other		10,000	10,346	346	10,361
Total Operating Revenues		172,300	230,519	58,219	116,384
Operating Expenses					
Balling Costs		12,000	11,388	612	11,541
Board of Commissioners		3,100	3,080	20	3,025
Depreciation		9,100	7,857	1,243	8,433
Insurance	,	32,000	28,964	3,036	28,199
Other		5,325	6,056	(731)	5,260
Payroll Taxes		2,800	2,797	3	2,520
Professional Fees		10,825	8,825	2,000	8,700
Repairs and Maintenance		15,000	7,826	7,174	18,494
Salaries and Wages		33,135	33,258	(123)	30,150
Supplies		•	964	(964)	-
Travel and Seminars		8,350	•	8,350	8,247
Utilities		-	8,171	(8,171)	-
Total Operating Expenses		131,635	119,186	12,449	124,569
Operating Income (Loss)		40,665	111,333	70,668	(8,185)
Nonoperating Revenues (Expenses)					
Unrealized Gain (Loss) on Investments		-	(8,383)	(8,383)	1,164
Realized Gain (Loss) on Investments		2,000	-	(2,000)	-
Interest Income		25,000	34,679	9,679	38,968
Total Nonoperating Revenues (Expenses)		27,000	26,296	(704)	40,132
Change in Net Assets		67,665	137,629	69,964	31,947
Total Net Assets, Beginning		1,530,540	1,530,540	<u> </u>	1,498,593
Total Net Assets, Ending	\$	1,598,205	1,668,169 \$	69,964 \$	1,530,540

Washington Parish Gas Utility District Number One Schedule of Insurance For the year ended December 31, 2010

Insurance Company / Policy Number	Coverage	Amount		Coverage Amount Per			
Nautilus Insurance	Commercial General Liability			6/11/2010 to	6/11/2011		
Company							
BK0005014	General Aggregate Limit	\$	2,000,000				
	Each Occurrence Limit		1,000,000				
•	Personal and Advertising Injury		1,000,000	,			
American Empire Surplus 9EX09899	Umbrella per Occurrence		1,000,000	6/11/2010 to	6/11/2011		
Darwin Select Insurance 0202-0709	Employer Practices Liability			6/11/2010 to	6/11/2011		
LA Workers Comp. Corp.	Worker's Compensation Employers			4/25/2010	4/25/2011		
52455-A	Liability:						
	· Per Accident		500,000				
	Policy Limit		500,000				
	Each Employee		500,000				

Schedule 3

Washington Parish Gas Utility District Number One Schedule of Compensation Paid to Board of Commissioners For the year ended December 31, 2010

		Compensation	Term
Name and Title / Contact Number	Address	<u>Received</u>	Expiration
Stanley Seal, President	25246 Military Road	660	12/31/10
(985) 732-7904	Angie, LA 70426		
Gary Pierce, Vice President	61034 Dollar Road	660	12/31/11
(985) 732-3901	Angie, LA 70426		
Hayward Boone	60921 Seal Road	60 5	12/31/12
(985) 732-7660	Angie, LA 70426		
Huey Bickham	30451 Johnny Will Jones Road	605	12/31/12
(985) 986-3770	Angie, LA 70426		
Tom Pigott	22485 Mitch Road	550	12/31/13
(985) 735-0450	Bogahisa, LA 70427		
		\$3,080	

Schedule 4

Washington Parish Gas Utility District Number One Schedule of Gas Rates and Number of Customers For the year ended December 31, 2010

Gas

Residential Rates	Commercial Rates
\$ 6.000 - First 500 Cubic Feet	\$ 6.500 - First 500 Cubic Feet
\$ 1.818 - Per 100 Cubic Feet for Next 3.500 Cubic Feet	\$ 1.874 - Per 100 Cubic Feet for Next 9.500
\$ 1.799 - Per 100 Cubic Feet for Next 16,000 Cubic Feet	\$ 1.837 - Per 100 Cubic Feet for Next
\$ 1.724 - Per 100 Cubic Feet for all over 20,000 Cubic Feet	\$ 1.781 - Per 100 Cubic Feet for all over
Industrial Rates	

Based Price Per MCF Plus 67%

As of December 31, 2010 and 2009, the district had the following number of customers:

	December 31, 2010	December 31, 2009	Increase (Decrease)	December 31, 2008
Customers Active	403	410	(7)	411
Total Customers	403	410	(7)	411

Bruce C. Harrell, CPA

Dale H. Jones, CPA Eric J. Rodrigue, CPA Kristi U. Bergeron, CPA Michael P. Estay, CPA

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CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners Washington Parish Gas Utility District Number One Varnado, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Washington Parish Gas Utility District Number One and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the fiscal year ended December 31, 2010, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Response:

There were no expenditures for fiscal year ended December 31, 2010 that were subject to the bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Response:

Management provided us with the required list.

KENTWOOD OFFICE P.O. Box 45 - 909 Avenue G Kentwood, LA 70444 VOICE: (985) 229-5955 FAX: (985) 229-5951

109 West Minnesota Park

Park Place Suite 7

Hammond, LA 70403

FAX: (985) 345-3156

VOICE: (985) 542-6372

Board of Commissioners Washington Parish Gas Utility District Number One Varnado, Louisiana

3. Obtain from management a listing of all employees paid during the period under examination.

Response:

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Response:

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Response:

Management provided us with a copy of the original budget. We were also provided with a copy of the amended budget for the year.

6. Trace the budget adoption and amendments to the minute book.

Response:

We traced the adoption of the original budget to the minutes which indicated that the budget had been adopted by the commissioners. Amendments were made to the budget during the year and had also been adopted by the commissioners.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent or more or if actual expenditures exceed budgeted amounts by five percent or more.

Response:

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were not below budgeted amounts and actual expenditures did not exceed budgeted amounts by more than five percent. The District operates under an Enterprise Fund and is not subject to the provisions of the law for General and Special Revenue funds.

Board of Commissioners Washington Parish Gas Utility District Number One Varnado, Louisiana

Accounting and Reporting

- 8. Randomly select six disbursements made during the period under examination and:
 - a. Trace payments to supporting documentation as to proper amount and payee.
 - b. Determine if payments were properly coded to the correct fund and general ledger account.
 - c. Determine whether payments received approval from proper authorities.

Response:

- a. We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.
- b. We noted no exceptions.
- c. Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements was traced to the district's minute book where they were approved by the full commission.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Response:

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. We noted a copy of the notice was posted as required.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Response:

The District has no long-term debt.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

Response:

A reading of the minutes of the District and transactions reviewed for the year indicated no payments to employees which would constitute bonuses, advances, or gifts.

Board of Commissioners

Washington Parish Gas Utility District Number One
Varnado, Louisiana

The prior year report did not include any comments or unresolved matters.

Famill \$ 60.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Washington Parish Gas Utility District Number One and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruce Harrell & Company, CPAs A Professional Accounting Corporation

July 5, 2011

(Concluded)

LOUISIANA ATTESTATION QUESTIONNAIRE (For Attestation Engagements of Government)

For: Washington Parish Gas Utility District Number One Fiscal Year Ending: December 31, 2010

Bruce Harrell & Company, CPAs P.O. Box 45 909 Avenue G Kentwood, LA 70444

In connection with your review of our financial statements as of December 31, 2010 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 2010.

Public Bid Law

It is true that we have compiled with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes[X]No[]

•
We have had our financial statements audited or compiled in accordance with LSA-RS 24:513. Yes [X] No []
Meetings
We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [X] No[]
Debt
It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII. Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes[X] No[]
Advances and Bonuses
It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Yes[X] No[]
We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.
We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.
Mary adams Secretary 7/6/11 Date
Stanley Seal President 7/6/11 Date